

***14<sup>TH</sup> ANNUAL REPORT***  
***2004-2005***



**STARLITE COMPONENTS LIMITED**



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**STARLITE COMPONENTS LIMITED**

**CHAIRPERSON**

Smt. Rochana S. Bharati

**MANAGING DIRECTOR**

Shri Arvind S. Bharati

**DIRECTOR**

Shri S. K. Soni

**BANKERS**

UTI Bank Limited  
The Nasik Peoples' Co-op. Bank Ltd.

**AUDITORS**

M/s. Godse Joshi & Associates  
Chartered Accountants,  
Pune.

**REGISTERED & ADMIN OFFICE**

7, MIDC, Satpur, Nasik 422 007.

**FACTORY**

7, MIDC, Satpur, Nasik 422 007.  
64/B, MIDC, Satpur, Nasik 422 007

**REGISTRARS & SHARE TRANSFER AGENTS**

Mondkar Computers Private Limited  
21, Shakil Niwas,  
Mahakali Caves Road, Andheri(East),  
Mumbai 400 093

**EQUITY SHARES LISTED AT**

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001

Pune Stock Exchange Ltd.  
Shivleela Chambers, 752, Sadashiv Peth, R. B. Kumbekar Marg, Pune 411 030

The Stock Exchange - Ahmedabad  
Kamdhenu Complex, Sahjanand College, Panjarapole, Ahmedabadf 380 015

Coimbatore Stock Exchange Ltd.  
CSX Towers, 683-686, Trichy Road, Singanallur, Coimbatore 641 005



## STARLITE COMPONENTS LIMITED

### NOTICE

NOTICE is hereby given that Fourteenth Annual General Meeting of the Members of STARLITE COMPONENTS LIMITED will be held at F -108, M.I.D.C., Satpur, Nasik - 422 007 on Saturday, December 31, 2005 at 10:00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the year ended June 30, 2005 and the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Shri. S. K. Soni, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

By Order of the Board of Directors

Place: Nasik  
Date: 24.11.2005

(ARVIND BHARATI)  
Managing Director

#### Registered Office:

7, M.I.D.C. Area, Satpur, Nasik-422 007.

#### NOTES TO NOTICE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY (S) NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
2. The Register of Members and Share Transfer Book will remain closed from 28<sup>th</sup> December, 2005 to 31<sup>st</sup> December, 2005 (both days inclusive).
3. Members are requested to please bring their copies of the Annual Report to the meeting.
4. Members are requested to notify change in address, if any, to the Registrars and Share Transfer Agents quoting their folio numbers at an early date.
5. Mondkar Computers Pvt. Ltd. are Registrars and Share Transfer Agents of the Company. The Members are requested to address share transfers and other correspondence to them directly and not to the company.

By Order of the Board of Directors

Place: Nasik  
Date: 24.11.2005

(ARVIND BHARATI)  
Managing Director



# STARLITE COMPONENTS LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
Your Directors have pleasure in presenting the Fourteenth Annual Report together with the audited statements of accounts for the year ended 30<sup>th</sup> June 2005.

### FINANCIAL RESULTS

The financial results for the year ended 30<sup>th</sup> June 2005 are briefly stated below:

	(Rs. In lacs)	
	2004-05	2003-04
Sales and Other Income	327.66	265.09
Operating Profit (Before Interest, Depreciation and Tax)	(5.56)	(215.40)
Less: Interest and other financial charges	90.98	146.16
Depreciation	15.64	6.19
Profit before Tax	(112.18)	(367.75)
Provision for Tax (MAT)	0	0
Provision for Deferred Tax Asset (Liability)	0	0
Profit after Tax/(Loss)	(112.18)	(367.75)

### OPERATIONS

During the year the company incurred a loss of Rs. 112.18 lacs after depreciation and interest. The company also undertook a construction contract and sub-contracted the same and earned profit on it. Thus it is seen from the above results that the company's operating loss is mainly attributable to the heavy interest charged by the term lenders. During the year UTI Bank Ltd. waived Rs. 71.83 lacs out of the dues owed by the company. The company had to write off Rs. 43.98 lacs as bad debts. These amounts are reflected in the Profit & Loss Account for the year below the line as extra ordinary items.

### DIVIDEND

Your Directors do not recommend any dividend for the year under review.

### FIXED DEPOSITS

The Company has not accepted any fixed deposit from the public during the year under review.

### DIRECTORS

Mr. S. K. Soni, Director of the Company is retiring by rotation and, being eligible, has offered himself for reappointment. Members are requested to appoint the Director.

During the year Mr. G.K.Srikantan resigned with effect from 23<sup>rd</sup> December, 2004 due to his personal reasons and pre-occupation elsewhere. The Board places on record its appreciation for the services rendered by him during his tenure on the Board. The vacancy caused by the resignation could not be filled.

### STATUTORY DISCLOSURES

Information as per Section 217(1) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to this report.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- In preparation of annual accounts, the applicable Accounting Standards have been followed and there was no material departure from the said standards.
- The accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs and of the profit/loss of the Company at the end of the year.
- Adequate accounting records as per the provisions of the Companies Act, 1956 have been maintained and proper and sufficient care has been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts are prepared on Going Concern Basis.



## REFERENCE TO BIFR

During the year, the company filed the reference with the Board of Industrial and Financial Reconstruction (BIFR) under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and it has been registered as Case No. 59/2005.

## CORPORATE GOVERNANCE

A detailed report on Corporate Governance alongwith certificate of Company's Statutory Auditors is annexed herewith.

## LISTING FEES

The company's shares are listed at the Stock Exchanges at Mumbai, Pune, Ahmedabad and Coimbatore. The Stock Exchange – Mumbai has suspended trading in the shares of the company for failure to pay the listing fees in time. However, now the company has paid up-to-date listing fees to Mumbai Stock Exchange and is taking steps to restore the trading on the Exchange. In the previous Annual General Meeting, the company had resolved to de-list the shares from the Stock Exchanges at Pune, Ahmedabad and Coimbatore and the procedure of de-listing is being complied with. The company expects to get the said permission in due course.

## AUDITORS

The Auditors of the Company, M/s. Godse Joshi and Associates, Chartered Accountants, Pune retire at the ensuing Annual General Meeting. They are eligible for reappointment. Members are requested to appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

## ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued support of Company's Bankers, Maharashtra State Financial Corporation, its suppliers and customers and all the members of staff and workers for their cooperation at all levels.

For and on behalf of the Board of Directors

Place: Nasik  
Date: 24.11.2005

(ARVIND BHARATI)  
Managing Director

## Registered Office:

7, M.I.D.C. Area, Satpur, Nasik-422 007.

## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30<sup>th</sup> June 2005.

### PARTICULARS OF ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION.

Particulars in respect of conservation of energy, technology absorption etc. as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are as given here below.

Particulars	Current Year	Previous Year
<b>A. Power and Fuel Consumption</b>		
Electricity		
Purchased Units	24373	86889
Total Amount (Rs.)	192442	454477
Rate/Unit (Rs.)	7.90	5.23
Own Generation	Nil	Nil
Others	Nil	Nil
<b>B. Consumption per unit of production</b>		
Electricity (Unit Per Kg.)	*	*
Electricity (Unit Per KPS.)	*	*

\* - Since Plant and Machinery are now located at one place and manufacturing is done in different units of measurement, no separate consumption per unit of production is given.



## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, there was no foreign exchange earning or outgo.

## **PARTICULARS OF EMPLOYEES**

Information required pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not given, as there was no employee in receipt of remuneration exceeding Rs. 24,00,000/- per annum, if employed throughout the year or Rs. 2,00,000/- per month if employed for a part of the year.

## **DUES OF SMALL SCALE INDUSTRIAL UNDERTAKINGS**

Particulars of amount owed to small scale industrial undertakings in terms of Notification GSR 129(E) dated 22.02.1999 issued by the Department of Company Affairs is not given since information about the category of suppliers is not available.

For and on behalf of the Board of Directors

Place: Nasik

Date: 24.11.2005

**(ARVIND BHARATI)**

Managing Director

## **Registered Office:**

7, M.I.D.C. Area, Satpur, Nasik-422 007.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

As you are aware that your company is associated with the lighting industry for last over 14 years and manufactures Tungsten filaments from its own drawn wires, Lamp base caps and Electronic Ballasts. Despite of taking various proactive steps to cope up with the severe competition and the radical changes in the industry the company could not do well basically due to the unhealthy competition from tiny manufactures who use unhealthy trade practices and various external factors beyond the control of the company.

However the additions of Electronic ballast which caters to the needs of the fast growing Energy saving compact fluorescent lamps industry and the fine wire drawing capabilities will give the company an edge over other players in the industry. Your company can regain a strong foothold in the market because of its long presence and contacts with the major players in the industry. Since GLS bulbs are being fast replaced with the CFL the forecast for the filaments and caps section may not seem to be very attractive. However the growth in the electronic ballast section should help recover the situation.

### **OPPORTUNITIES AND THREATS / RISKS AND CONCERNS**

Fast replacement of GLS bulbs is a major risk and a concern but your management had already taken effective steps to overcome this. However due to lack of support from its bankers and various other external factors giving rise to the financial crunch your company could not en-cash the innumerable opportunities. There are more opportunities and your company is hopeful to regain its strength and position in the lighting industry. If the long - term debts of the company are restructured in consultation with the lenders, the company is hopeful for a fast recovery.

### **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The segment wise and product wise performance is given in the schedule 23 containing Notes on Accounts to the annual accounts of the Company.

### **INDUSTRY OUTLOOK**

The GLS industry in India with the new developments will remain stagnant. Therefore, we are now looking for overseas market besides diversifying into new products and have managed to get a good lead in this direction. Also the energy saving lamps will be the lamps of future, and the management of the company has already taken effective steps to cope with this threat.

The company had received good orders from its customers but due to the financial crunch it could not take the benefit of the opportunity. However in the coming year and barring unforeseen circumstances, there should be increase in profitability in the current financial year.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The adequacy of the internal control systems operating in the company is tested and monitored from time to time. These systems are also consistently re-engineered in line with the changing requirements.

### **DISCUSSION ON FINANCIAL PERFORMANCE W.R.T. OPERATIONAL PERFORMANCE**

The company's financial performance has not been satisfactory in light of the changing scenario of the industry. Although the company had taken various proactive steps to nullify the effect but due to very bad debtor realization the operations and the performance of the company was very bad. The company is taking more corrective actions in terms of change in client base, backward integration to cut cost and diversification to beat the changing trend. Barring unforeseen circumstances, the management is confident that financial performance of the company will improve in the coming years.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

During the year under review, the industrial relations remained cordial and stable. The company always paid special attention to the development of its people. The company inculcates the culture of personal growth and organizational excellence based on performance.

As on 30<sup>th</sup> June 2005, the number of people employed by the company was 56.



## CORPORATE GOVERNANCE REPORT

STARLITE COMPONENTS LIMITED (SCL) has always followed a tradition of fair and transparent corporate policies and practices while dealing with the Shareholders, Employees, Customers, Suppliers, Financial Institutions and others. Given below is the report on the implementation of the Corporate Governance code by the Company in accordance with the provisions of clause 49 of the Listing Agreement.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance is reflected in its approach to resolve various issues by adhering to and complying with the prevalent laws and rules and regulations and in achieving complete satisfaction of all the ingredients of the organization. The Company's philosophy also includes maintaining harmonious relationship with all its Employees, Suppliers, Customers, etc and strengthening the same by continuous interaction leading to overall corporate growth.

### BOARD OF DIRECTORS

The Board of Directors of the Company presently consists of the following Directors :

Name of Director	Designation	Category	No. of other Directorships *	Membership of Board Committees (other than SCL)
Smt. Rochana Bharati	Chairperson	Non-Executive/ Non-Independent	1	-
Mr. Arvind Bharati	Managing Director	Executive	3	-
Mr. S.K. Soni	Director	Executive	1	-

\* Excludes Directorships as contemplated under section 278 of the Companies Act, 1956.

### BOARD PROCEDURE

The Board of the Company met nine times during the last financial year on 2<sup>nd</sup> July, 2004; 29<sup>th</sup> July, 2004; 30<sup>th</sup> August, 2004; 29<sup>th</sup> October, 2004; 30<sup>th</sup> November, 2004; 23<sup>rd</sup> December, 2004; 31<sup>st</sup> January, 2005; 25<sup>th</sup> March, 2005; and 30<sup>th</sup> April, 2005.

Details of attendance of Members at the Board Meeting and at the last Annual General Meeting are as under:

Name of Director	Attendance Board Meeting	Attendance Last A.G.M.
Smt. Rochana Bharati	9	Yes
Mr. Arvind Bharati	8	Yes
Mr. S.K. Soni	7	Yes
Mr. G.K. Srikantan *	4	-

\* Mr. G.K. Srikantan resigned as Director of the Company from 23<sup>rd</sup> of December 2004.

### AUDIT COMMITTEE ETC.

The Company has filed reference with the Board of Industrial and Financial Reconstruction (BIFR). The Company is unable to appoint Independent / Non-executive directors on its Board. Hence, the company could not form various committees as required.

### REMUNERATION OF DIRECTORS

a) Remuneration of Managing Director and Whole Time Directors.

The terms of remuneration of Mr. Arvind Bharati – Managing Director and Mr. S.K. Soni - Whole Time Director were fixed by the Board of Directors and approved by the Shareholders. During the financial year 2004-2005, the particulars of remuneration paid to these Directors are as under.

Particulars of Remuneration	Mr. Arvind Bharati (Amount Rs.)	Mr. S.K. Soni (Amount Rs.)
Salary	1,02,000	90,000
Allowances	24,000	16,500
Others	NIL	NIL

b) Remuneration of Non-Executive Directors

During the Financial year 2004-2005 no sitting fees or commission were paid or payable to the Non-Executive Directors.

### SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance committee consists of the following:

Name	Designation	Executive / Non-Executive / Independent
Smt. Rochana Bharati	Chairperson	Non-Executive
Mr. Arvind Bharati	Member	Executive

The committee headed by Smt. Rochana Bharati looks into the Shareholders' / Investors' complaints pertaining to non receipt of Share Certificates, annual reports, dividends etc. apart from improving the means of communication with the shareholders and better Investor services and relations.



During the financial year 2004-05, the company received 03 complaints for non-receipt of Annual Reports etc. All the complaints were redressed during the year and there was no complaint pending as on 30<sup>th</sup> June, 2005.

#### GENERAL BODY MEETINGS

The location and time where the last three Annual General Meetings were held are as under:

Year	Date of Meeting	Time	Location
2001 – 2002	28 <sup>th</sup> December, 2002	10.00 a.m.	F-108, M.I.D.C, Satpur, Nasik – 422007.
2002 – 2003	31 <sup>st</sup> December, 2003	10.00 a.m.	F-108, M.I.D.C, Satpur, Nasik – 422007.
2003 – 2004	31 <sup>st</sup> December, 2004	10.00 a.m.	F-108, M.I.D.C, Satpur, Nasik – 422007.

Special Resolution was passed at the Annual General Meeting held on 31<sup>st</sup> December, 2004 to de-list the Equity Shares of the company from the Pune Stock Exchange Limited, Coimbatore Stock Exchange Limited and The Stock Exchange – Ahmedabad.

#### DISCLOSURES

1. Transactions with related parties during the year & outstanding balances as on 30<sup>th</sup> June 2005:

PARTICULARS	SUBSIDIARY	KEY MANAGEMENT	RELATIVES
Sales of goods	-	20,28,939	-
Purchase of goods	-	-	-
Sale of fixed assets	-	-	-
Services recd.	-	-	-
Financial - Payment	-	68,83,211	21,03,023
Financial - Receipt	-	1,44,98,381	23,76,179
Sale of Investments	-	-	-

Names, Description & transactions of related parties-  
Key Management –

Starlite Lighting Ltd. – Sale Rs 20,28,939/- Receipts Rs. 1,40,23,208/- Payment Rs. 57,62,258/- and Debit Balance Rs. 47,95,871/-  
Chetna Enterprises – Payment Rs. 1,30,291/- Receipt Rs. 1,30,291/- Balance Rs. Nil  
Reprolite Papers (I) P.Ltd. – Payment Rs. 3,44,682/- Receipt Rs. 3,44,682/- Balance Rs. Nil  
Gledfin P.Ltd. – Payment Rs. 2,000/- Receipt Rs. 200/- Debit Balance Rs. 1,800/-  
Paragon Plastics Ltd. Payment Rs. 6,43,980/- Debit Balance Rs. 17,85,834/-

Relatives – Mrs. Rochana Bharati – Prop. Filaments & Filaments Payment Rs. 22,000/- Receipt Rs. 2,95,156/- and Debit Balance Rs. 2,53,972/-  
Mr. Ravindra Bharati – Prop. Universal Traders Payment Rs. 20,81,023/- Receipt Rs. 20,81,023/- and Balance Rs. Nil

#### MEANS OF COMMUNICATION

Annual Report of the Company for each Financial Year including Notice convening the Meeting, Directors' and Auditors' Report, Cash Flow Statements, etc. are sent to each household of Shareholders. The Information is also uploaded on the Electronic Data Information Filing and Retrieval (EDIFAR) website.

The Management discussion and analysis is a part of the Annual Report for the financial year.

#### GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting** Date : 31<sup>st</sup> December, 2005  
Time : 10.00 a.m.  
Venue : F-108, MIDC, Satpur, Nasik – 422 007. Maharashtra.
- b) **Financial Calender**  
Audited Annual Accounts for 2004 – 05 : 24<sup>th</sup> November, 2005  
Annual General Meeting for the year ended 30<sup>th</sup> June, 2005 : 31<sup>st</sup> December, 2005
- c) **Date of Book Closure** 28<sup>th</sup> December, 2005 to 31<sup>st</sup> December, 2005 (both days inclusive)
- d) **Dividend Payment Date** No Dividend has been declared for the year 2004-05
- e) **Listing on Stock Exchanges** The Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Pune, Coimbatore and Ahmedabad.

STOCK EXCHANGE	STOCK CODE
- The Stock Exchange, Mumbai	517548
- Pune Stock Exchange Limited, Pune	-
- Coimbatore Stock Exchange Limited, Coimbatore	21097
- The Stock Exchange, Ahmedabad	56817

The ISIN No. of the Company's equity shares in the dematerialized form is INE035C01014.

(Company is in the process of de-listing the shares from the Stock Exchanges at Pune, Coimbatore and Ahmedabad.)





#### f) Market Price Data

High / Low Market price (rupees per share) of the Company's equity shares on The Stock Exchange-Mumbai during each month in the last financial year is as under.

MONTH	HIGH (Rupees)	LOW (Rupees)
JULY 2004	0.95	0.44
AUGUST 2004	1.03	0.55
SEPTEMBER 2004	1.32	0.67
OCTOBER 2004	2.25	1.01
NOVEMBER 2004	2.10	1.25
DECEMBER 2004	2.55	1.11
JANUARY 2005	4.25	1.55
FEBRUARY 2005*	2.30	1.65

\* The Stock Exchange, Mumbai has suspended trading in the Company's shares with effect from February 9, 2005.

#### g) Registrar and Transfer Agents

The Registrar and Share Transfer Agents of the Company are: -

M/s. Mondkar Computers Private Limited  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East),  
MUMBAI-400 093.

#### h) Share Transfer System

The Equity Shares of the Company are traded in the Stock Exchange both in physical and dematerialized form. To expedite the process of share transfer, the Board of Directors has formed a share transfer committee that meets at least once in a fortnight. Documents of transfer of shares in the physical form that is Transfer Deeds, Share Certificates etc., are received by the Company as well as by Transfer Agents. The Share Transfer Committee in its following fortnightly meeting approves such transfers and the same is informed to the Transfer Agents immediately after approval. The transfer agent then sends the shares to the transferee. The transfer requests in demat forms are also processed and confirmed within 21 days.

#### i) Distribution of Equity Share holding as on 30<sup>th</sup> June, 2005.

Range of Shares	No. of Shareholders Holders	% of Share Holders	No. of Shares	% of Share Holding
Upto 500	19175	93.055	4098800	48.622
0501 - 1000	888	4.309	735999	8.731
1001 - 2000	312	1.514	472941	5.610
2001 - 3000	109	0.529	284982	3.381
3001 - 4000	30	0.146	107940	1.280
4001 - 5000	35	0.170	164059	1.946
5001 - 10000	40	0.194	289805	3.438
10001 and above	17	0.083	2275474	26.993
<b>TOTAL</b>	<b>20606</b>	<b>100.000</b>	<b>8430000</b>	<b>100.000</b>

#### j) Pattern of Equity Shareholding as on 30<sup>th</sup> June, 2005

Category	No. of Shares held	% of Shareholding
Directors, Promoters & Relatives	1789900	21.23
Institutional Investors- Bank	1000	0.01
NRI's / OCB's	273300	2.81
Indian Private Corporate Bodies	487575	5.79
Indian Public	5914225	70.16
<b>TOTAL</b>	<b>8430000</b>	<b>100.00</b>

#### k) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are under compulsory demat segment and are listed on the Stock Exchanges at Mumbai, Pune, Coimbatore and Ahmedabad. The Company's shares are available for trading in the depository systems both NSDL and CDSL.

As on 30<sup>th</sup> June, 2005 total 19,11,890 Equity Shares representing 22.68 % of the total Equity Shares were held in dematerialized form whereas 65,18,110 equity shares representing 77.32% were held in physical form.

#### l) Outstanding GDRs / ADRs / Warrants or Convertible Instruments

The Company has not issued any GDRs / ADRs, Warrants or any Convertible Instruments.



**m) Plant Location**

- i) 7, M.I.D.C. Satpur, Nasik – 422 007 (Maharashtra)
- ii) 64-B, M.I.D.C. Satpur, Nasik – 422 007 (Maharashtra)

**n) Address for Correspondence**

The Company's Registered office is at 7, MIDC, Trimbak Road, Satpur, Nasik 422 007.

Correspondence from Shareholders should be addressed to:  
M/s. Mondkar Computers Private Limited  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (East),  
MUMBAI – 400 093.

**o) Information Pursuant to Clause 49VI(A) of the Listing Agreement**

Information pursuant to Clause 49VI (A) of the Listing Agreement pertaining to particulars of Directors to be appointed/ re-appointed at the ensuing Annual General Meeting is given hereunder:

At the ensuing Annual General Meeting Mr. S.K.Soni is to be appointed / re-appointed.  
Mr. S.K.Soni is a B. Com. and C.A. (Finalist) having more than 20 years' experience in the fields of Finance, Taxation, Company Law and Accounts. His experience is very useful to the Company. He holds other directorship in only one limited company at present.

**p) Compliance Certificate of the Auditors**

The Company has obtained a Certificate from the auditors of the company regarding compliance with provisions relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Certificate is annexed with the Directors' report. The Certificate will also be sent to the Stock Exchange alongwith the Annual Reports to be filed by the Company.

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**CERTIFICATE**

To The Members of Starlite Components Limited

We have examined the compliance of the conditions of Corporate Governance by Starlite Components Limited for the year ended June 30, 2005 as stipulated in Clause 49 of the listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has **not complied** with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended June 30, 2005 no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GODSE JOSHI & ASSOCIATES  
Chartered Accountants

Place : Pune  
Date : 24.11.2005

(H.V. Godse)  
Partner



## AUDITOR'S REPORT

To  
The members of **Starlite Components Ltd.**

We have audited the attached Balance sheet of **Starlite Components Ltd.** as at 30<sup>th</sup> June, 2005 and also the Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.

We conducted our Audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan & perform the Audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statements. An Audit includes examining on a test basis, evidence supporting the amounts & disclosures in the Financial Statements. An Audit also includes assessing the Accounting principles used & significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our Audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) (Amendment) Order 2004 dt. 25<sup>th</sup> November 2004 issued by the Central Govt. of India in terms of sub section (4A) of Sec.227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred above, we report that-

1. We have obtained all the information & explanations, which to the best of our knowledge & belief were necessary for the purpose of our Audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with books of Accounts
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sec.211 (3C) of the Companies Act 1956.
5. On the basis of written representation received from the Directors, as on 30<sup>th</sup> June 2005, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30<sup>th</sup> June 2005 from being appointed as a Director in terms of sec.274 (1)(g) of the Companies Act 1956.
6. In our opinion and to the best of our information & according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give true & fair view in conformity with the accounting principles generally accepted in India-
  - a) In case of Balance Sheet, of the State of affairs of the Company as at 30<sup>th</sup> June 2005 and
  - b) In case of Profit & Loss Account, of the loss for the year ended on that date.

For **GODSE JOSHI & ASSOCIATES**  
Chartered Accountants

Place: Pune  
Date: 24<sup>th</sup> November 2005

H.V.GODSE  
Partner.  
M.No. 34056



## ANNEXURE TO AUDITORS' REPORT

As per Companies (Auditor's Report)(Amendment) Order, 2004 dt.25<sup>th</sup> Nov.04.

Re: - Starlite Components Ltd. As on 30<sup>th</sup> June 2005.

(Referred to in Paragraph 1 of Audit Report)

### 1. Fixed assets –

- The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
- The management, at the end of the year, has physically verified the fixed assets and we have been informed that no material discrepancies were noticed on such verification as compared to book records.
- The Company has not disposed off substantial part of fixed assets during the year & hence the question of its effect on going concern basis does not arise.

### 2. Inventory –

- The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of Company & nature of its business.
- The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between physical stock & book records were not material as reported by the management and the same have been properly dealt with in the books of accounts.

### 3. Loans –

A. Loans granted - No loans – secured or unsecured - have been granted to Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –

- Number of parties & amount involved in the transactions.
- Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company.
- Whether receipt of principal & interest is regular.
- In case overdue amount is more than Rs. 1 lakh, whether reasonable steps have been taken by the Company for recovery of principal & interest.

B. Loans taken - No loans – secured or unsecured - have been taken from Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –

- Number of parties & amount involved in the transactions.
- Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company.
- Whether payment of principal & interest is regular.

4. Internal control system - In our opinion & according to the information & explanations given to us, there is an adequate internal control system commensurate with the size of the Company & nature of its business with regard to purchase of inventory, & fixed assets & for sale of goods & services. In our opinion & according to the information & explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.

### 5. Contracts with interested parties –

- There were contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act.
- The prices of such contracts or arrangements were reasonable having regard to prevailing market prices at the relevant time.

6. Deposits - The Company has not accepted any deposits from the public. Hence our comments on compliance of the directives of Reserve Bank of India, provisions of Sec.58A & 58AA or any other relevant provisions of the Act & the rules framed there under are not required. The nature of contravention is not applicable. No order has been passed by Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal requiring any compliance.

7. Internal audit system - *The Company is required to have internal audit system commensurate with its size & nature of its business since the Company is listed. But the same is not adequate considering the size of Company & nature of its business.*



8. Cost records - The Company is not required to maintain cost records as prescribed by Central Government u/s 209(1)(d) of Companies Act 1956.
9. Statutory dues –
- **The Company is not regular in depositing undisputed statutory within the prescribed period with appropriate authority. The amount of such dues outstanding on the last day of the financial year for a period more than six months from due date consists of Provident fund 102918/- ESI 156842/- Professional Tax 2500/- and Sales Tax 127731/-**
  - No such dues were outstanding on account of any dispute pending with any forum.
10. Net worth & losses - The Company was registered on 13<sup>th</sup> November 1991. Hence the Company is registered for a period more than five years. Its accumulated losses at the end of financial year are Rs.111270804, i.e. more than 100% of its net worth & have incurred cash loss of Rs.6868799/- during the financial year & cash loss of Rs.28494316/- in the immediately preceding financial year.
11. Defaults in repayment - **The Company has defaulted in repayment of dues to a Bank or financial institution or debenture holders. The period & amount of such default is as under –**
- **Nasik Peoples Co-Op. Bank Ltd.- Due from January 2004 – Rs.27216172/-**
  - **M.S.F.C. 16126346/- Entire principle amount overdue @ Rs.20 Lakhs per half year commencing from October 2001.**
12. Loans against pledge of securities - The Company has not granted loans or advances against the security of pledge of shares, debentures or other securities. Hence our comments on the adequacy of documents & records, or the deficiencies therein are not required.
13. Nidhi/Chit fund - The Company is not a chit fund or nidhi/mutual benefit fund/society. Hence our comments on compliance of any special statute, ratio greater than 1:20 of net own funds to deposit liability, compliance of prudential norms on income recognition & provisioning, adequacy of procedures for appraisal of credit proposal & repayment schedule based on repayment capacity of the borrower are not required.
14. Share/Security trading - The Company is not dealing or trading in shares, securities, debentures and other investments. Hence our comments on maintenance of proper records of the transactions and contracts, and whether timely entries have been made therein; also whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act are not required.
15. Third party guarantee - The Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence our comments are not required on whether the terms and conditions are prejudicial to the interest of the Company.
16. Utilization of Term loans - The term loans taken by the Company were applied for the purpose for which the loans were obtained.
17. Utilization of short-term funds - The funds raised by the Company on short-term basis were not used for long-term investment.
18. Preferential allotment of shares - The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Hence our comments on whether the price at which shares have been issued is prejudicial to the interest of the company or not are not attracted.
19. Debentures - The Company has not issued any debentures. Hence our comments on whether security or charge has been created in respect of debentures issued are not attracted.
20. Utilization of funds raised by public issue - The Company has not raised funds by way of public issue. Hence our comments on disclosure by the management on the end use of money raised by public issues its verification are not attracted.
21. Fraud - No fraud on or by the company has been noticed or reported during the year. Hence our comments on the nature of fraud and the amount involved are not required.
22. Reasons for qualification - The reasons for any of our unfavourable or qualified report/remark are mentioned in the relevant point itself.

For Godse Joshi & Associates  
Chartered Accountants

Place: Pune  
Date: 24<sup>th</sup> November 2005.

H.V. Godse  
Partner.  
M.No. 34056

**STARLITE COMPONENTS LIMITED**



**BALANCE SHEET AS ON 30TH JUNE 2005**

PARTICULARS	SCHEDULE No.	AS ON 30/6/2005 Rs.	AS ON 30/6/2004 Rs.
<b>A. SOURCES OF FUNDS</b>			
1. Shareholders' Funds :			
i. Share Capital	1	84,300,000	84,300,000
ii. Reserves & Surplus	2	(106,040,028)	(97,606,590)
Total Shareholders' Funds	(A)	<u>(21,740,028)</u>	<u>(13,306,590)</u>
2. Loan Funds			
i. Secured Loans	3	82,666,336	80,953,894
ii. Unsecured Loans	4	1,749,202	1,744,712
Total Loan Funds	(B)	<u>84,415,538</u>	<u>82,698,606</u>
Deferred Tax Liability	(C)	0	0
<b>TOTAL ( A + B + C )</b>		<b><u>62,675,510</u></b>	<b><u>69,392,015</u></b>
<b>B. APPLICATION OF FUNDS</b>			
3. Fixed Assets :			
i. Gross Block.	5	33,195,292	33,195,292
ii. Less : Depreciation		4,825,288	3,260,650
iii. Net Block		28,370,004	29,934,642
Total fixed Assets	(A)	<u>28,370,004</u>	<u>29,934,642</u>
4. Investments	(B)	<u>8,037,350</u>	<u>8,037,350</u>
5. Deferred Tax Asset	(C)	<u>3,568,801</u>	<u>3,568,801</u>
6. Current Assets, Loans & Advances :			
i. Inventories	7	4,257,200	3,965,989
ii. Sundry Debtors	8	18,789,407	25,714,927
iii. Cash & Bank Balances	9	344,415	617,095
iv. Loans & Advances	10	16,911,867	17,122,220
Total		<u>40,302,889</u>	<u>47,420,231</u>
Less : Current Liabilities & Provisions :			
i. Current Liabilities	11	17,286,387	19,371,231
ii. Provisions	12	317,147	197,779
Total		<u>17,603,534</u>	<u>19,569,010</u>
Net Current Assets :	(D)	<u>22,699,355</u>	<u>27,851,221</u>
7. Misc. Expenditure (To the extent not written off or adjusted)			
i. Preliminary & Public issue expenses	13	0	0
ii. Preoperative & Deferred revenue expenses	14	0	0
Total Misc. Expenditure :	(E)	<u>0</u>	<u>0</u>
<b>Total ( A + B + C + D + E )</b>		<b><u>62,675,510</u></b>	<b><u>69,392,015</u></b>

Notes on Accounts 23  
As per our report of even date annexed herewith.

For GODSE JOSHI & ASSOCIATES  
CHARTERED ACCOUNTANTS

(H. V. GODSE)  
PARTNER  
Place : Pune  
Date : 24.11.2005

1 For and on behalf of the Board  
Smt. Rochana Bharati-Chairperson  
2 Mr. Arvind Bharati -Managing Director

Place : Nasik  
Date : 24.11.2005

**STARLITE COMPONENTS LIMITED**



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005**

PARTICULARS	SCHEDULE NO.	YEAR ENDED 30/6/2005 Rs.	YEAR ENDED 30/6/2004 Rs.
<b>INCOME</b>			
Filaments, Caps & CFL Components		1,057,806	9,299,059
Wire & Accessories		0	22,697,188
Others (Contract Receipts)		31,526,223	0
Less : Excise Duty paid		<u>27,414</u>	<u>835,549</u>
Net Sales		32,556,615	31,160,698
Other Income	15	18,831	231,097
Change in stocks	16	<u>190,064</u>	<u>(4,882,872)</u>
<b>TOTAL (A)</b>		<b><u>32,765,510</u></b>	<b><u>26,508,923</u></b>
<b>EXPENDITURE</b>			
Material Consumed for Filaments, Caps & CFL Components	17	30,104,042	9,259,278
Material Consumed for Wire & Accessories	18	0	19,107,124
Manufacturing expenses	19	835,869	6,839,267
Payment to & Prov.for employees	20	1,563,125	2,990,434
Admn. Selling & Dist. expenses	21	818,160	4,452,625
Interest & Financial Charges	22	9,097,666	14,615,524
Depreciation	5	1,564,639	619,299
Diminution in value of investment		<u>0</u>	<u>5,400,000</u>
<b>TOTAL (B)</b>		<b><u>43,983,501</u></b>	<b><u>63,283,552</u></b>
Net Profit before Tax (A-B)		(11,217,991)	(36,774,628)
Provision for Taxation		0	0
Extra ordinary income (waiver by UTI Bank Ltd)		7,183,000	0
Prior Period Expenses		0	(4,749,738)
Sales Return		0	(16,992,490)
Extra Depreciation Claimed		0	( 59,163,417)
Bad Debts w/off		(4,398,447)	(10,985,574)
Prel. & Public Issue Expenses completely w/off		0	(431,484)
Pre-Op. & Deff. Reve. Exp. Completely w/off		<u>0</u>	<u>(2,524,971)</u>
Net Profit after Tax transferred to Balance Sheet		<b><u>(8,433,438)</u></b>	<b><u>(131,622,302)</u></b>
<b>Earnings per share (Basic)</b>		<b>-1.33</b>	<b>-4.36</b>
<b>Earnings per share (Diluted)</b>		<b>-1.33</b>	<b>-4.36</b>

Notes on Accounts

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As per our report of even date annexed herewith.

For GODSE JOSHI & ASSOCIATES  
CHARTERED ACCOUNTANTS

1

For and on behalf of the Board  
Smt. Rochana Bharati-Chairperson

2

Mr. Arvind Bharati -Managing Director

(H. V. GODSE)  
PARTNER  
Place : Pune  
Date : 24.11.2005

Place : Nasik  
Date : 24.11.2005



**SCHEDULES FORMING PART OF BALANCE SHEET & P&L A/C FOR THE YEAR ENDED ON 30.6.2005**

PARTICULARS	AS ON 30/6/2005 Rs.	AS ON 30/6/2004 Rs.
<b>SCHEDULE-1.SHARE CAPITAL</b>		
<b>Authorised :</b>		
90,00,000 Equity Shares of Rs.10/- each (Previous year 90,00,000 Equity Shares of Rs. 10/-each)	90,000,000	90,000,000
<b>Issued, Subscribed &amp; Paid up :</b>		
84,30,000 Equity Shares of Rs.10/- each (Previous year 84,30,000 Equity Shares of Rs.10/- each) (Including unrealised Stock invest worth Rs.nil/-) (Previous year Rs. 71,225/-)	84,300,000	84,300,000
<b>T O T A L</b>	<b>84,300,000</b>	<b>84,300,000</b>
<b>SCHEDULE-2.RESERVES &amp; SURPLUS</b>		
<b>A) Reserves &amp; Surplus</b>		
Surplus as per last Balance Sheet	(102,837,366)	28,784,936
Profit for the year	(8,433,438)	(131,622,302)
Capital subsidy	2,000,000	2,000,000
<b>Total (A)</b>	<b>(109,270,804)</b>	<b>(100,837,366)</b>
<b>B) Deferred Tax Asset / (Liability)</b>		
Brought Forward from Previous Year	3,230,776	(4,614,632)
Adjustment in Current Year	-	7,845,408
<b>Total (B)</b>	<b>3,230,776</b>	<b>3,230,776</b>
<b>T O T A L (A+B)</b>	<b>(106,040,028)</b>	<b>(97,606,590)</b>
<b>SCHEDULE-3.SECURED LOANS</b>		
<u>From Nasik Peoples Co-op Bank Ltd.:</u>		
Term Loan(secured against Hyp.of Machinery) (Interest for the year not charged by Bank)	34,431,166	34,431,166
<u>From Maharashtra State Financial Corporation</u>		
Term Loan (secured against Hyp. of Machinery) (including interest of Rs. 2,49,04,650/- )	41,029,996	31,991,986
<u>From UTI Bank Ltd. :</u>		
Cash Credit(secured against Hypothecation of Stocks and Book Debts) (After considering waiver. Interest for the year not charged)	7,205,174	14,530,742
<b>T O T A L</b>	<b>82,666,336</b>	<b>80,953,894</b>
<b>SCHEDULE-4. UNSECURED LOANS</b>		
From Western Maharashtra Dev.Corp.	170,672	174,822
Deferred Sales Tax loan	1,578,530	1,569,890
<b>T O T A L</b>	<b>1,749,202</b>	<b>1,744,712</b>

**SCHEDULE - 5. FIXED ASSETS**

Particulars	Gross Block (at cost)				Depreciation				Net Block		
	Balance as on 1.7.2004 Rs.	Additions during the year Rs.	Deductions during year Rs.	Balance as on 30.6.2005 Rs.	Rate of Depreciation %	Total up to 30.6.2004 Rs.	Provided for the year during year Rs.	Adjustment during year Rs.	Total up to 30.6.2005 Rs.	As on 30.6.2005 Rs.	As on 30.6.2004 Rs.
Building	1,562,016	-	-	1,562,016	3.34%	407,518	52,171	-	459,689	1,102,327	1,154,498
Plant & Machinery	30,029,955	-	-	30,029,955	4.75%	2,218,769	1,426,423	-	3,645,192	26,384,763	27,811,186
Electrical Installation	510,249	-	-	510,249	4.75%	140,024	24,237	-	164,261	345,988	370,225
Furniture & Fixtures	625,790	-	-	625,790	6.33%	298,297	39,612	-	337,909	287,881	327,493
Office Equipments	279,794	-	-	279,794	4.75%	117,301	13,290	-	130,591	149,203	162,493
R & D Equipments	187,488	-	-	187,488	4.75%	78,740	8,906	-	87,646	99,842	108,748
<b>Total</b>	<b>33,195,292</b>	<b>-</b>	<b>-</b>	<b>33,195,292</b>		<b>3,260,649</b>	<b>1,564,639</b>	<b>-</b>	<b>4,825,288</b>	<b>28,370,004</b>	<b>29,934,642</b>
Previous year	111,092,644	8,057,800	85,955,152	33,195,292		29,433,086	619,299	26,791,735	3,260,650	29,934,642	





<b>PARTICULARS</b>	<b>AS ON 30/6/2005</b>	<b>AS ON 30/6/2004</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-6. INVESTMENTS (Long term, Unquoted valued at Cost)</b>		
2000 shares of Rs. 25/- each fully paid in The Nasik Peoples' Co-op Bank Ltd. National Saving Certificates	50,000 5,000	50,000 5,000
11549 Equity shares of Rs. 100/- each fully paid in Paragon Plastics Ltd. ( Previous year 11549 Equity Shares)	1,732,350	1,732,350
10,80,000 Equity Shares of Rs.10/- each fully paid-up of Starlite Lighting Ltd. valued at Rs. 5/- per share	5,400,000	5,400,000
85,000 Equity Shares of Rs.10/- each fully paid-up of Starlite Lighting Ltd. (previous year share application money)	850,000	850,000
<b>TOTAL</b>	<b>8,037,350</b>	<b>8,037,350</b>
<b>SCHEDULE-7. INVENTORIES (Valued at Cost)</b> (As taken, valued and certified by Management)		
Finished Goods	693,125	719,801
Semi-Finished Goods	1,280,541	1,063,801
Raw - Material	2,283,534	2,182,387
<b>TOTAL</b>	<b>4,257,200</b>	<b>3,965,989</b>
<b>SCHEDULE-8. SUNDRY DEBTORS</b>		
Outstanding for more than 6 months (Considered Good & recoverable)	16,680,592	14,453,213
Others	2,108,815	11,261,714
<b>TOTAL</b>	<b>18,789,407</b>	<b>25,714,927</b>
<b>SCHEDULE-9. CASH &amp; BANK BALANCE</b>		
Cash on Hand (As certified by the Management)	236	210
In Current A/c with Scheduled Banks	20,369	343,598
In Fixed Deposit Account with Banks	321,419	270,896
Balance with Other Bank	2,391	2,391
<b>TOTAL</b>	<b>344,415</b>	<b>617,095</b>
<b>SCHEDULE-10. LOANS &amp; ADVANCES</b>		
(Unsecured but considered good) Advances recoverable in cash or in kind or for value to be received.	2,860,761	3,441,738
Advance to Group Companies	2,041,606	1,670,982
Advance for Capital Goods.	11,527,000	11,527,000
Sundry Deposits	482,500	482,500
<b>TOTAL</b>	<b>16,911,867</b>	<b>17,122,220</b>
<b>SCHEDULE-11. CURRENT LIABILITIES</b>		
Sundry Creditors for goods & expenses	16,272,242	16,803,194
Other Liabilities	1,014,145	2,568,037
<b>TOTAL</b>	<b>17,286,387</b>	<b>19,371,231</b>
<b>SCHEDULE-12. PROVISIONS</b>		
For Expenses	317,147	197,779
For Taxation	-	-
<b>TOTAL</b>	<b>317,147</b>	<b>197,779</b>
<b>SCHEDULE-13. PRELIMINARY &amp; PUBLIC ISSUE EXPENDITURE</b>		
As per last Balance Sheet	-	1,006,801
Less Written off during the year	-	1,006,801
<b>TOTAL</b>	<b>-</b>	<b>-</b>



PARTICULARS	AS ON 30/6/2005 Rs.	AS ON 30/6/2004 Rs.
<b>SCHEDULE-14. PRE-OPERATIVE &amp; DEF. REV. EXPENSES</b>		
As per last Balance Sheet	-	4,210,668
Less Written off during the year	-	4,210,668
<b>T O T A L</b>	<b>-</b>	<b>-</b>

	2004-05 Rs.	2003-04 Rs.
<b>SCHEDULE-15. OTHER INCOME</b>		
Misc. Income	8,235	216,417
Interest received	10,596	14,630
Dividend received	-	50
<b>T O T A L</b>	<b>18,831</b>	<b>231,097</b>

<b>SCHEDULE-16. CHANGE IN STOCKS</b>		
Closing Stock :		
Finished Goods	693,125	719,801
Semi-Finished Goods	1,280,541	1,063,801
	<u>1,973,666</u>	<u>1,783,602</u>
Less: Opening Stocks :		
Finished Goods	719,801	1,536,803
Semi-Finished Goods	1,063,801	5,129,671
	<u>1,783,602</u>	<u>6,666,474</u>
<b>INCREASE (DECREASE) IN STOCK</b>	<b>190,064</b>	<b>(4,882,872)</b>

<b>SCHEDULE-17. MATERIAL CONSUMED</b>		
Opening Stock	2,182,387	7,446,595
Add: Purchases	30,205,189	3,995,070
	<u>32,387,576</u>	<u>11,441,665</u>
Less : Closing Stock	2,283,534	2,182,387
<b>T O T A L</b>	<b>30,104,042</b>	<b>9,259,278</b>

<b>SCHEDULE-18 MATERIAL CONSUMED (WIRE &amp; ACCESSORIES)</b>		
Opening Stock	-	8,348,573
Add: Purchases	-	10,758,551
	<u>-</u>	<u>19,107,124</u>
Less : Closing Stock	-	-
<b>T O T A L</b>	<b>-</b>	<b>19,107,124</b>

<b>SCHEDULE-19. MANUFACTURING EXPENSES</b>		
Consumable Stores	35,248	493,526
Freight Inward	22,300	770,693
Power, Fuel & Water	520,344	1,670,820
Excise Duty Paid	-	196,602
Other Manufacturing Expenses	221,890	3,643,411
Packing Material	34,350	29,680
Repairs to Plant & Machinery	1,737	34,535
<b>T O T A L</b>	<b>835,869</b>	<b>6,839,267</b>

<b>SCHEDULE-20. PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>		
Salary to staff	949,738	1,881,938
Wages	338,122	601,925
Festival Bonus	80,623	207,110
Labour Welfare	194,642	296,084
Leave encashment	-	3,377
<b>T O T A L</b>	<b>1,563,125</b>	<b>2,990,434</b>



<b>PARTICULARS</b>	<b>AS ON 30/6/2005</b>	<b>AS ON 30/6/2004</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-21. ADMI.,SELLING &amp; DIST.EXPENSES</b>		
Selling Expenses	20,525	35,006
Audit fees	64,336	65,640
Traveling & Conveyance expenses	217,841	259,378
Telephone & Postage	89,929	185,771
Diwali expenses	-	602
Other Repairs	9,869	158,511
Insurance Charges	211	108,632
Legal & Professional Charges	273,303	269,317
Printing & Stationery	2,943	15,224
Rates & Taxes	1,237	111,923
Discount & Commission	19,024	-
Loss on Sale of asset	-	693,950
Office & Misc.expenses	118,942	287,658
Expenses Written off	-	2,261,013
<b>T O T A L</b>	<b>818,160</b>	<b>4,452,625</b>

**SCHEDULE-22. INTEREST & FINANCIAL CHARGES**

Bank Interest	-	2,342,146
Bank Charges & Commission	33,475	198,578
Interest on Term Loan	9,038,010	11,899,484
Interest to others	20,850	150,574
Exchange Rate Difference	5,331	24,742
<b>T O T A L</b>	<b>9,097,666</b>	<b>14,615,524</b>



## SCHEDULE 23: NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:
  - a) Basis of Accounting:

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.
  - b) Capital Expenditure:
    - i) Cost of major civil works required for plant and machinery supports is considered as Plant and Machinery.
    - ii) Capital Assets under erection/installation are reflected in the balance sheet as "capital work in progress".
    - iii) All fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost. Financial cost relating to borrowed funds attributable to construction or acquisition of fixed assets is included in the gross book value of fixed assets to which they relate. During the previous year the company had reduced the book value of its plant & machinery to bring it to its realistic value.
  - c) Depreciation:

Depreciation on fixed assets is provided on "straight line method" at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
  - d) Investments:

Investments are long term in nature & valued at cost as per AS 13. However, the value of investment in M/s. Starlite Lighting Limited was reduced by 50% in previous year and is shown in the current year without any further reduction. Allotment made during the year is shown without any reduction.
  - e) Inventories:

Inventories are as verified, valued and certified by management and are valued at cost or market price whichever is less in the case of finished and semi finished goods and at cost in case of raw material.
  - f) Contingent Liabilities:

These are disclosed by way of Notes on Accounts. Provision is made in the accounts in respect of those liabilities that are likely to materialize after the year end till the finalization of accounts and have material effect on the position stated in the balance sheet.
  - g) Taxes on Income:

Current tax is determined on the amount of tax payable in respect of taxable income, if any, for the year ended on 31<sup>st</sup> March 2005.

The deferred tax is recognized using the current tax rates. The Deferred Tax Asset provision for the previous year is continued during the current year without making any provision for the current year since there is no virtual certainty of the realisation of such asset. Had the provision been made the amount of provision would have been Rs. 56,59,802/- for the current year and the Total Amount of Deferred Tax Asset would have been Rs. 92,28,603/-.
  - h) Transactions in foreign currency:

Sales/Purchases, if any, made in foreign currency are booked at the then prevailing exchange rates. Gain/loss, if any, arising out of fluctuations in exchange rate is accounted for on realization/payment.
2. Figures for the previous year have been regrouped and rearranged wherever necessary.
3. The balances of Debtors, creditors and loans and advances are subject to confirmation.
4. In the opinion of the Board, Loans & Advances and Current Assets are approximately of the value stated, if realized in the ordinary course of business.
5. Employees' retirement benefits: Retirement gratuity payable to employees is accounted on cash basis as and when paid.
6. Sales include Excise Duty but exclude Sales Tax. The Sales Tax collected is shown as liability.
7. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL (previous year Rs. Nil).
8. Contingent liability not provided for in respect of:
  - a) Suits filed against the company and its directors amounting to Rs. 146.11 lacs as a counter measure to suits filed by the company and its directors involving an amount of Rs. 164.53 lacs against Market Creators Limited, its directors and their group concerns.
9. Working Directors Remuneration: -

	2004-2005	2003-2004
	(2 Directors)	(2 Directors)
Remuneration	Rs. 2,32,500/-	Rs. 3,57,000/-
10. No Employee of the Company was in receipt of remuneration exceeding Rs. 24,00,000/- per annum, if employed throughout the year or Rs. 2,00,000/- per month, if employed for a part of the year.



11. Transactions with related parties during the year & outstanding balances as on 30<sup>th</sup> June 2005:

PARTICULARS	SUBSIDIARY	KEY MANAGEMENT	RELATIVES
Sales of goods	-	20,28,939	-
Purchase of goods	-	-	-
Sale of fixed assets	-	-	-
Services recd.	-	-	-
Financial - Payment	-	68,83,211	21,03,023
Financial - Receipt	-	1,44,98,381	23,76,179
Sale of Investments	-	-	-

**Names, Description & transactions of related parties-**

**Key Management –**

Starlite Lighting Ltd.	Sale Rs 20,28,939/-	Receipts Rs. 1,40,23,208/-	Payment Rs.57,62,258/- and Debit Balance Rs. 47,95,871/-
Chetna Enterprises	Payment Rs. 1,30,291/-	Receipt Rs. 1,30,291/-	Balance Rs. Nil
Reprolite Papers (I) P.Ltd.	Payment Rs. 3,44,682/-	Receipt Rs. 3,44,682/-	Balance Rs. Nil
Gledfin P.Ltd.	Payment Rs. 2,000/-	Receipt Rs. 200/-	Debit Balance Rs. 1,800/-
Paragon Plastics Ltd.	Payment Rs. 6,43,980/-		Debit Balance Rs. 17,85,834/-

**Relatives –**

**Mrs. Rochana Bharati –**

Prop. Filaments & Filaments Payment Rs. 22,000/- Receipt Rs. 2,95,156/- and Debit Balance Rs. 2,53,972/-

**Mr. Ravindra Bharati –**

Prop. Universal Traders Payment Rs.20, 81,023/- Receipt Rs. 20,81,023/- and Balance Rs. Nil.

12. Segment wise Revenue, Results & Capital employed:

**Primary Segment – Business Segment**

PARTICULARS	Filaments/Caps / components	Others (Contract)	TOTAL
REVENUE FROM EXTERNAL CUSTOMERS	1030392	31526223	32556615
INTER SEGMENT TRANSACTIONS	-	-	-
SEGMENT RESULTS	(11156351)	2360470	(8795881)
COMMON EXPENSES			2422110
TOTAL ENTERPRISE RESULT			(11217991)

Note: Since majority of the assets are located at single place and are of common nature, Management has decided not to bifurcate the same into segment wise assets and liabilities.

**Secondary Segment – Geographic Segment.**

The Geographic Segments identified, as Secondary Segments are "Domestic Market" and "Export Market". Since the Export Market Revenue is less than 10 % of the total, the same has not been disclosed. The entire capital employed is within India.

13. Auditors Remuneration:

	2004-2005 (Rs.)	2003-2004 (Rs.)
A As Auditor	64,336	62,640
B As Advisor in any other capacity in respect of		
i Taxation matter	18,612	18,480
ii Company Law Matter	Nil	Nil
iii Other Matters	Nil	Nil

14. Information required under Para 4D of Part II of Schedule VI of the Companies Act, 1956.

- Value of imports calculated on CIF basis of Raw Materials, Components, Spares and Capital Goods is Rs. Nil/- (Previous year Rs. 1,42,84,368/-).
- Expenditure in Foreign Currency during the year on account of Royalty, Know-how, Professional Fees, Consultation Fees, Interest and other matters is Rs. Nil. (Previous year Rs. Nil).
- Value of all imported raw materials, spare parts, components, etc., consumed / sold during the year on CIF basis Rs. Nil/- (Previous year Rs. 1,42,84,368/-).
- Amount remitted during the year in foreign currency on account of dividend is Rs. Nil. (Previous year Rs. Nil).
- Earnings in foreign exchange are Rs. Nil/- (Previous year Rs. 4,67,213/-).



15. Additional information required pursuant to Para 3 and 4C of part II, of Schedule VI of the Companies Act, is given below to the extent applicable.

Particulars	2004-2005		2003-2004	
	Quantity	Value	Quantity	Value
<b>A Capacity Utilization.</b>				
Licensed & Installed Capacity	NA	NA	NA	NA
<b><u>Production</u></b>				
i. Tungsten Filaments (Kgs)	27.150	-	16.200	-
ii. B22 Caps / CFL Components (Kps)	-	-	1443.210	-
<b>B Opening Stock of Finished Goods</b>				
i. Tungsten Filaments (Kgs)	15.500	5,20,330	46.900	8,67,313
ii. B22 Caps / CFL Components (Kps)	6.650	1,99,471	113.000	6,69,490
<b>C Closing Stock of Finished Goods</b>				
i. Tungsten Filaments (Kgs)	12.800	4,93,654	15.500	5,20,330
ii. B22 Caps / CFL Components (Kps)	6.650	1,99,471	6.650	1,99,471
<b>D Raw Material Consumed</b>				
i. Tungsten /Molybdenum Wire(Kgs)	31.500	1,43,639	67.500	3,98,250
ii. Others (Kgs/Kps)	-	-	1289.200	88,61,028
iii. Wire and Accessories / Others	-	2,99,60,403	1652.850	1,91,07,124
<b>E Sales.</b>				
i. Tungsten Filaments (Kgs)	29.850	10,30,392	47.600	11,71,960
ii. B22 Caps / CFL Components (Kps)	-	-	1549.560	72,91,550
iii. Wire and Accessories / Others	-	3,15,26,223	1330.470	2,26,97,188



16 **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. : 63980  
Balance Sheet Date : 30/06/2005

State Code : 11  
(Refer Code List 1)

**II. Capital Raised During the year (Amount in Rs. Thousand)**

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	Total Assets
80,279	80,279

**Sources of Funds**

Paid up Capital	Reserves & Surplus
84,300	(106,040)
Secured Loans	Unsecured Loans
82,667	1,749

**Application of Funds**

Net Fixed Assets	Investments
28,370	8,037
Net Current Assets	Misc. Expenditure
22,700	-
Deferred Tax Asset	Accumulated Losses
3,569	-

**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover	Total Expenditure
32,766	43,984
Profit Before Tax	Profit After Tax
(11,218)	(11,218)
Earning Per Share in Rs.	Dividend rate %
(1.33)	Nil

**V. Generic Names of Three Pricpal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC)	Product Description
81019809	Tungsten Filaments
76069109	Lamp Bases

17 Figures have been rounded off to the nearest rupee.

18 Provision for taxation has been made on the basis of Minimum Alternate Tax imposed on the book profits, if any, of the Company upto March, 2005.

Signatures to Schedules 1 to 23

As per our report of even date annexed herewith,

For GODSE JOSHI & ASSOCIATES  
CHARTERED ACCOUNTANTS

(H. V. GODSE)  
PARTNER  
Place : Pune  
Date : 24.11.2005

For and on behalf of the Board of Directors  
1 Smt. Rochana Bharati-Chairperson

2 Mr. Arvind Bharati -Managing Director

Place : Nasik  
Date : 24.11.2005



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2005

Particulars	YEAR ENDED 30/6/2005 Rs.	YEAR ENDED 30/6/2004 Rs.
<b>A. NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extra Ordinary Items	(11,217,991)	(36,774,628)
Adjustments for:		
Deferred Tax Asset/(Liability)	-	-
Depreciation	1,564,639	619,299
Expenses Written off	-	2,261,013
Interest received	(10,596)	(14,630)
Operating Profit before Working Capital changes	(9,663,948)	(33,908,946)
Adjustments for:		
Trade and other receivables	7,135,874	17,050,073
Inventories	(291,212)	18,495,653
Trade and other payables	(1,969,626)	10,760,719
Cash generated from operations	(4,788,912)	12,397,500
Interest paid	9,058,860	14,392,204
Cash Flow before Extra-ordinary Items	4,269,948	26,789,703
Extra Ordinary Items	2,784,553	(32,033,852)
Net Cash from operating activities	7,054,501	(5,244,149)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of F.A. (Including Capital WIP and Exps. Pending Capitalisation)	-	(12,000)
Sale of Fixed Assets	-	-
Capital Subsidy	-	-
Sale of Shares / Diminution in the value of Shares	-	6,064,800
Interest Received	10,596	14,630
Advance for Capital Goods	-	-
Sundry Deposits	-	(345,600)
Paid to Creditors for Capital Goods	-	-
Net cash used in Investing Activities	10,596	5,721,830
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	1,712,442	16,895,127
Term Loan Instalments Paid	-	-
Interest Paid	(9,058,860)	(14,392,204)
Unsecured Loans (Deferred Sales Tax)	8,640	(2,759,496)
Net cash used in Financing Activities	(7,337,778)	(256,573)
Net increase/decrease in cash & cash equivalents	(272,680)	221,108
Cash and cash equivalent as at 1st July (OP.Bal)	617,095	395,987
Cash and cash equivalent as at 30th June (CI.Bal)	344,415	617,095

For & on behalf of the Board of Directors

Place : Nasik.  
Date : 24.11.2005

Managing Director

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement of Starlite Components Ltd., Nasik derived from the Audited Financial Statement for the year ended 30th June, 2005 and year ended 30th June, 2004 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

For GODSE JOSHI & ASSOCIATES  
CHARTERED ACCOUNTANTS

Place : Pune  
Date : 24.11.2005

(H. V. GODSE)  
PARTNER





**STARLITE COMPONENTS LIMITED**

Regd. Office : 7, MIDC, Satpur, Nasik 422 007

**PROXY**

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the  
district of \_\_\_\_\_ being a member/members of the above named  
Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held on  
Saturday, December 31, 2005 at 10.00 a.m. at F-108, MIDC, Satpur, Nashik - 422 007 and at any adjournment thereof.

Reg. Folio No. \_\_\_\_\_  
No. of Shares held \_\_\_\_\_  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Please affix  
1 Rupee  
Revenue Stamp

N. B. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a poll only and the proxy need not be a member. The form duly completed should be deposited at the Registered Office of the Company at Nashik not later than 48 hours before the time for holding the meeting.

(TEAR HEAR)

**ATTENDANCE SLIP**

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the Member attending \_\_\_\_\_  
Full Name of the First Joint- holder \_\_\_\_\_  
Full Name of Proxy \_\_\_\_\_

I hereby record my presence at the 14th Annual General Meeting of the Company on Saturday, December 31, 2005 at 10.00 a.m. at F-108, MIDC, Satpur, Nasik 422 007.

Reg. Folio No. \_\_\_\_\_  
No. of Shares Held \_\_\_\_\_

**Member's/Proxy's Signature**  
(To be signed at the time of handing over this slip)

Note : The Copy of the Annual Report may please be brought to meeting)

To,

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*If undelivered please return to:*

***M/s. Mondkar Computers Pvt. Ltd.***  
*(Unit : Starlite Components Ltd.)*  
*21, Shakil Niwas, Mahakali Caves Road,*  
*Andheri (E), Mumbai - 400 093*